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# EASTERN

F.O. 371

1948

PALESTINE

FILE No. 1262

PUBLIC RECORD OFFICE

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4 FEB 1948

1948

PALESTINE.

Registry | £1598/1262/31
FROM L. Watson
(C.O) & L. Roberto

Received in Registry 4: Feb.

Last Paper.

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References.

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F. o news urgently.

(Minutes.)

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29470 F.O.P.



MINISTRY OF DEFENCE,

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GREAT GEORGE STREET,

S.W.1

1598 1262 31.

WITH THE COMPLIMENTS OF THE

SECRETARY TO THE

MINISTER OF DEFENCE.

MINISTRY OF DEFENCE, S.W.1.

2ND FEBRUARY, 1948.

PUBLIC

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OFFICE

371/68660

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and February, 1948.

Dear Watson,

You wrote to me on 29th January about the payment of £300,000 by the Government of Palestine to the Supreme Moslem Council. My Minister asks me to write and say that, in the circumstances outlined in your letter, he agrees that the payment should be made and that a public statement on the lines indicated should be issued at the same time.

I am sending copies of this letter to Roberts and Spicer.

Yours sincerely,

BLAMPBI WOOD

N.D. Watson, Esq.

PUBLIC RECORD OFFICE

1 2 3 4 5 6 FO 37/68660 RECORD OFFICE, LONG

Registry E 1598/1262/31 Top Secret. Confidential. Restricted.

The Private Secretary Colonial Office.

From:-

FOREIGN OFFICE, S.W.14

and February, 1948.

Please refer to your letter of 29th January, on the proposed payment of £300,000 owing to the Supreme Moslem Council by the Government of Palestine.

- The Foreign Secretary agrees that this payment should now be made, and that if the fact is announced publicly there should be a statement explaining the legal position and the purposes for which these funds are designed.
- I am sending copies of this letter to Wood and Spicer.

/68660

FORKIGN OFFICE, 8.W.1.

4th February 1948.

(E 1598/1262/31) CONFIDENTIAL.

Her Wilson

Please refer to your letter of 29th January, on the proposed payment of £300,000 owing to the Supreme Moslem Council by the Government of Palestine.

2. The Foreign Secretary agrees that this payment should now be made, and that if the fact is announced publicly there should be a statement explaining the legal position and the purposes for which these funds are designed.

I am sending copies of this letter to Wood and Spicer.

Fours ever

The Private Secretary, Colonial Office. 371/68660

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2. Soft New Mary 130,

4. FEB 1948

1. January, 1940.

bear moberts,

My Secretary of State has received a recommendation from the high Commissioner for ralestine involving the payment of £300,000 by the Soverhment of Palestine to the Supreme Moslem Council. In view of the possible repercussions of a payment of this magnitude at the present time Mr. Greech Jones would be grateful if you would bring this question to the notice of the Foreign Secretary.

In 1934 the Jovernment of rate time agreed to pay the Supreme Moslem Council a like annual sum, in lieu of certain tithes formerly received from sauf villages and lands (Maqfs are Loslem pious and charitable endowments). This sum was to be subject to review every degenerafter the 1st of lanuary, 1934. In 1942 however, then the first degeneration expired, the war made it impossible to carry out the review, although the value of the produce from the lands in question had by then increased considerably. Since the war negotiations have been recommended, and last year it was agreed that the annual payment from 1942 onwards should be increased from 30,000 to £60,000. The effect of this was to make the Falestine Government like to for the payment of arrears amounting to £500,000 to cover the period up to the 51st of larch, 1944.

Although the Treasury have agreed to the payment - which is a clear inescapable legal and moral obligation of the Palestine Government - and we have the high Commissioner's assurance that the Council needs the sum to undertake reconstruction, repair and maintenance of religious institutions and buildings - trusts for the whole Moslem world - for which they are responsible, such a payment would, at the present juncture, obviously be open

F. A. Roberts, Esq.

to misrepresentation by the Jews, who might suggest that the money would be diverted to the financing of Arab resistance. It was put to the High Commissioner that he might be able to obtain some form of undertaking from the Council to ensure that the runus be applied to proper purposes but, while Sir Alan Cunningham considers that the Council would be prepared to give such an undertaking, he has expressed himself as very rejuctant to ask for any guarantee, as he feels that it would be most undesirable even to suggest the suspicion-for which he considers there is no foundation - that the funds are likely to be misapplied.

As this payment is clearly a long standing obligation against the Palestine Government and further delay would be likely to lead to strong adverse criticism of the present administration and of His Majesty's Government, not only in Palestine but in other Moslem countries, Mr. Creech Jones proposes to authorise the High Commissioner to honour it and, at the same time, to issue a public statement stressing its legality and pointing out that the funds in question are aedicated to the administration of specified religious and philanthropic organizations. This would focus the attention of Moslems on the self-imposed restriction on the use of the money and, it is hoped, disarm Jewish criticism.

My Secretary of State would be grateful to know, at an early date, whether the roreign Secretary sees any objection to the course he proposes. The High Commissioner is anxious to receive authority to make the payment as soon as possible, since delay might have an embarrassing effect on present negotiations with the religious authorities for a truce between Arabs and Jews in the Old City of Jerusalem, which are now at a promising stage.

I am sending similar letters to Wood and Spicer.

Yours sincerely,

h. De-Wali-

Private Secretary.

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En Clair

# FROM NEW YORK TO FOREIGN OFFICE.

(From United Kingdom Delegation to United Nations)

No. 609.

D. 10.00 p.m. 20th February, 1948.

20th February 1948

1948. R. 3.13 a.m. 21st February, 1948.

### IMABDIATE.

Addressed Highcema Jerusalem telegram No. 122 of 20th February, repeated for information to Foreign Office (for Colonial Office) and Saving to Washington.

Following for Stewart from Fletcher Cooke.

[Begins] Your telegram to Colonial Office No. 380, repeated here as No. 407. Supreme Loslem

Text of announcement was brought to the notice of the Commission shortly before information was released to press in Jerusalem.

2. Federspiel (who is dealing with financial matters on behalf of the Commission) asked me to-day whether he could be furnished with facts and figures as to how the annual payment of pounds Palestine 30,000 per annum had been increased to pounds Palestine 80,000 per annum. He fully appreciated the reasons which had necessitated this payment of arrears and his enquiry was made in a most friendly spirit but he said that it would be helpful to the Commission, particularly as they will presumably be faced with paying pounds they will presumably be faced with paying pounds some indication of the calculations upon which this increase was based. [Ends].

Please pass Immediate to Jerusalem.

[Copies sent to Colonial Office and to Telegraph Section, Colonial Office for repetition to Jerusalem].

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1948

PALESTINE

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Registry Number 23/88/1262/3/
FROM

IK No.

Dated

Received in Registry 4 MM

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Transach repy of letter from at Alether books to the for todospil, quing list of remiderations which have led the fact of Polisters & egrel to ren increase in the annual payment mode to the Luprism Morlam bounced from XP.30,000 & \$1.80,000,

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New Yor

HIS Majesty's Permanent Delegate to United Nations/
presents his compliments to H.M.P.S. of S. for F.A.
and has the honour to transmit to him the under-mentioned documents.

British Delegation to the

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United Nations, New York

1948

Reference to previous correspondence:

Jerusalem telegram No.511 to N.Y. repeated 485 to
S. of S.

Description of Enclosure.

Name and Date.

Subject.

Copy of letter from J. Fletcher-Cooke to Monsieur Per Federspiel, New York. Agreement by the Government of Palestine to an increase in the annual payments made to the Supreme Moslem Council.

(Copy also sent to Washington)

371/68660

PUBLIC

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#### BY HAND

1st March, 1948.

(Dear Federspiel).

You will remember that when I came to see you on Friday, 20th February, you asked whether I could find out from Jerusalem the considerations which have led the Government of Palestine to agree to an increase in the annual payments made to the Supreme Moslem Council from hP30,000 to hP80,000.

I have now received the following information from Jerusalem which I hope will make this point clear.

- (1) The following basis for future revisions of these annual payments was included in the agreement with the Supreme Moslem Council covering the payments now to be made to the Council:-
  - (a) The basis of review should be the average prices of the principal agricultural products during the twelve months prior to the revision date;
  - (b) In fixing any revised rates of payment, the full difference between the two average price levels in comparison should not be taken into account.
- (2) It was mutually agreed that the principal agricultural products were wheat, barley, maize, olive oil and sesame.
- (3) No precise agreement was reached as to the fraction to be deducted from the rise or fall of prices referred to in sub-paragraph (b) of paragraph (l) above but it was informally agreed that it should be about one-third of the difference.
- (4) This deduction was agreed to in order to offset the element of gambling involved in basing a payment for seven years on the prices prevailing in one year.
- (5) The revision of payments from 1942 was not made on the basis of prices preailing in the preceding twelve months but on those prevailing in 1942. This was done for the following reasons:-
  - (a) On account of the five years' delay which occurred before the revision could take place, it was appreciated that production and prices had risen steeply during the period in respect of which the revised payments were to be made.
  - (b) Conditions during this period were quite unusual and the fact that this would be so would have been evident if the revision had been undertaken at the due date.
  - (c) The Government of Palestine increased the rate of Rural Property Tax fourfold during the war years.

Monsieur Per Federspiel, Room 608.

/(6) in...

Plaza Hotel,

Fifth Avenue and 59th Street, New York. 371/6866

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- (6) In addition, the Supreme Moslem Council adduced the following argument but its relevance in respect of the increase was not admitted by the Government of Palestine.
  - (d) There was a wide difference between Government-controlled prices and Black Market prices of wheat and barley which comprise between them at least 50% of the produce of the old Waqf villages.
- (7) The percentage of increase in the prices of the five principal agricultural products between 1934 and 1942 were determined as follows

Wheat 92% (controlled price)
Barley 300% (controlled price)
Maize 600%
Sesame 244%
Olive Oil 140%

- (8) The relative value to be given to the five products was not so easy to determine. The average of the Government Statistician's weighted index, derived from the three year estimated total production for Palestine and that of the Supreme Moslem Council based on their estimate of the yields of old Waqf villages, give an estimated increase in price levels of 237%. Reduced by one-third, this gave 158% which produced an annual revised payment of hP77,400. In view of the delay in revision and other exceptional circumstances, this was increased to hP80,000.
- (9) It should be noted that no interest is payable in respect of these arrears.
- (10) The payment in respect of the financial year 1948/49 will be HP80,000.
- (11) In 1948, a further revision will have to be considered on the basis indicated in paragraph (1) above and having regard to the prices prevailing in 1948.

(Yours sincerely),

(J.Fletcher-Cooke)

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